



3 High-Yield Stocks Yielding Over 6.5%

Description

Would you like to supplement your income with a generous dividend income stream? If so, here are three high-yield stocks that can do just that. They are all energy stocks and they are all yielding over 6.5%.

Enbridge: A high-yield stock with strong financial health

As a high-yield stock, **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) provides investors with an ideal investment proposition. Typically, high-yield stocks are fraught with risks and uncertainties. I mean, these are the reasons that stocks are high-yielding in the first place.

But with Enbridge, there are few big risks and few big uncertainties. The vast majority of Enbridge's EBITDA is regulated or long-term contracted. Enbridge has significant liquidity and strong financial health. And the very essence of Enbridge's business is defensive.

As one of Canada's leading energy transportation and distribution giants, Enbridge is an essential business. This, along with Enbridge's \$14 billion in excess liquidity and self-funded status, provides stability and predictability. Both of these traits are highly desirable in these difficult times. There is little risk in Enbridge's business model.

Enbridge stock is down 21% from its highs of this year. Yet, this does not reflect the fact that the company will be minimally impacted by the coronavirus pandemic. Nor does it reflect the fact that management has maintained its guidance for 2020. Enbridge is expecting cash flow per share of \$4.50 to \$4.80. And high-yield Enbridge stock is yielding a very generous 7.24%.

AltaGas: A high-yield stock with great growth prospects

What can I say about a utility stock that is yielding 6.45%? After a dividend cut a year and a half ago and some [troubles with excessive debt](#), **AltaGas** ([TSX:ALA](#)) has cleaned up its house. Today, Altagas is mostly a utility company with 60% of its EBITDA coming from its utility segment. The remaining

EBITDA comes from Altagas' midstream segment.

The midstream segment is where a lot of the growth is expected to come from. The midstream business is located in Western Canada, and includes processing and export facilities. These assets are located in some of the fastest growing markets in North America, including the Montney and Marcellus/Utica basins. This is the growth area. And in this area, Altagas has taken steps to reduce risk. Through the use of hedges and long-term contracts, the company has limited direct commodity price exposure.

AltaGas is a company that has dramatically reduced its debt. Yet, the overhang of past events remains. Today, AltaGas stock is a far more defensive stock. It is also a high-yield stock, yielding 6.45%. It can safely add to your income today.

Canadian Natural Resources: A high-yield stock that is a leader

With an unmatched portfolio of assets in North America, **Canadian Natural Resources Ltd.**'s ([TSX:CNQ](#))([NYSE:CNQ](#)) 6.61% dividend yield is backed up by quality. This quality extends to the company's assets, its operations, its balance sheet, and its diversification. What this gives us at the end of the day is a dividend we can feel secure about.

I know that [the oil and gas industry has been in disarray this year](#). In fact, it has been in disarray longer than that, but this year was the worst by far. But consider this: Canadian Natural Resources stock is up 134% from its March lows.

This is because of the company's industry-leading break-even oil price of US\$30 to US\$31. It is also because of the company's strong financial health, with \$5 billion in liquidity and \$1.1 billion in cash. And it is because of the company's long-life, low decline asset base.

Foolish bottom line

In these difficult times there are opportunities to make great investment decisions. These opportunities have arisen out of the sharp pull back in stock prices. The three high-yield stocks discussed in this article are examples. These high-yield stocks can provide us with some much needed extra income today.

CATEGORY

1. Dividend Stocks
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2. NYSE:ENB (Enbridge Inc.)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:CNQ (Canadian Natural Resources Limited)
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